

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact:</b>	<b>CBO Contact:</b>
SDOT	Bill LaBorde	Aaron Blumenthal

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to the Seattle Department of Transportation; authorizing the Director of Transportation to enter into a lease agreement on behalf of the City of Seattle with the Cultural Space Agency, a city-chartered Public Development Authority, for its use and occupancy of a portion of King Street Station; and ratifying and confirming certain prior acts.

**Summary and Background of the Legislation:**

This legislation would authorize the SDOT Director to execute an agreement with the Cultural Space Agency (CSA), a Public Development Authority chartered by the City in 2021, whose mission is focused on securing long-term affordable commercial cultural space with community partners, with an emphasis on arts organizations led by and serving communities of color.

The underlying agreement provides CSA with a 30-year lease for the entirety of leasable space on the second floor of King Street Station (5401 square feet, plus a proportional share of common space for a total of 5873 square feet). The 30-year term and discounted rental rate averages \$12 per square foot over the life of the lease, allows CSA to effectively recoup its \$3.37 million investment in building out the space that remains unfinished since SDOT completed the \$50 million historic rehabilitation and seismic upgrade project in 2013. The rental rate also accounts for the substantial public benefit of housing several BIPOC-led and focused arts and cultural organizations that have struggled to find stable, enduring space in Seattle’s Center City area. The CSA tenant improvement project is expected to be completed October 2023; the project scope includes build out of all remaining unfinished spaces within the Station that are under the City’s control, including all second floor HVAC, plumbing, electricity, interior walls, flooring, ceilings, restrooms and office, production and classroom space for the 5 non-profits arts organizations that will operate out of the space under CSA auspices (Jackson Street Music Program, Red Eagle Soaring Native Youth Theatre, The Rhapsody Project, Totem Star and Wh!psmart). The work is primarily focused on the 2nd floor (Amtrak is the 1st floor tenant, Office of Arts and Culture is on the 3rd floor).

**2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?**      \_\_\_ Yes   x   No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?**      \_\_\_ Yes   x   No

If there are no changes to appropriations, revenues, or positions, please delete the table below.

Appropriation change (\$):	General Fund \$		Other \$	
	2023	2024	2023	2024
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2023	2024	2023	2024
			\$6000	\$35,000
Positions affected:	No. of Positions		Total FTE Change	
	2023	2024	2023	2024

**Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**

Much of the value of the lease to SDOT comes with CSA’s \$3.37 million capital investment in building out the unfinished 2<sup>nd</sup> floor and, secondarily, activation of the long vacant space within King Street Station, as well as the adjoining Jackson Street Plaza. Rent is set at a discounted rate to allow CSA to recover its investment in the tenant improvements, starting with a \$35,000 annual rent that ramps up to \$100,000 per year by the final six years of the 30-year term. These cash rent payments, combined with rents from the other building tenants – Amtrak and Office of Arts & Culture, will support SDOT’s operating and maintenance costs for the building. Because the Station rehab and restoration project budget was not able to cover the build out of the upper floors of the building, SDOT has only been able to lease space to entities, like Office of Arts & Culture on the 3<sup>rd</sup> floor, that could finance completion of their own tenant improvements recovered through rent credits. Additionally, the organizations to which CSA will be subleasing, all of which have a strong focus on youth arts education and building the City’s cultural economy, are critical to activating not only the building and Jackson Street Plaza, but also helping promote more activity in the larger Pioneer Square and Chinatown-International District neighborhoods which the building connects.

**Are there financial costs or other impacts of *not* implementing the legislation?**

Rent payments from CSA will help offset building operating costs, while the tenant improvements project completes the build out of building systems, structures and amenities on the 2nd floor of King Street Station that could not be completed within the budget of the 2010-2013 rehabilitation and renovation project, including rest rooms, electrical, plumbing, heating, ventilation and air conditioning, floors, ceilings, insulation and exterior walls, along with more traditional landlord-financed tenant improvements such as interior walls, wiring, lighting and employee lunchroom facilities.

**3.a. Appropriations**

**\_\_\_\_\_ This legislation adds, changes, or deletes appropriations.**

### 3.b. Revenues/Reimbursements

\_\_\_ This legislation adds, changes, or deletes revenues or reimbursements.

#### Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
Transportation Fund – 13000	SDOT	Rent payments	\$6000	\$35,000
<b>TOTAL</b>				

**Revenue/Reimbursement Notes:** CSA rent payments will help offset operating and maintenance expenses.

### 3.c. Positions

\_\_\_ This legislation adds, changes, or deletes positions.

## 4. OTHER IMPLICATIONS

**a. Does this legislation affect any departments besides the originating department?**

Not directly, but Cultural Space Agency’s 2<sup>nd</sup> floor sublessees, combined with Office of Arts and Culture presence on the 3<sup>rd</sup> floor will create a synergy and help make King Street Station a nationally-recognized arts hub that will add to the economic activity and cultural vibrancy of the surrounding south downtown neighborhoods.

**b. Is a public hearing required for this legislation?**

No

**c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**d. Does this legislation affect a piece of property?**

Yes, King Street Station, which has been owned by the City since 2008.

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

Cultural Space Agency’s mission is focused on securing long-term affordable commercial cultural space with community partners, with an emphasis on arts organizations led by and serving communities of color. All five arts organizations that will be housed by CSA on the 2<sup>nd</sup> floor are focused on serving arts groups that provide educational opportunities for young people of color and otherwise providing opportunities for more BIPOC people to be part of Seattle’s creative economy.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

King Street Station is one of the region's most important transit hubs, with easy access to light rail, commuter rail, streetcar and both regional and local bus routes, as well as intercity and long-distance passenger rail. This level of transit accessibility allows people from all over the city and region to participate in arts programming and education with very low carbon impact.

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

Not directly

**g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

Cultural Space Agency's focus has been on securing long-term affordable commercial cultural space, especially for arts organizations serving communities of color. CSA will provide reports on the number of students, artists and cultural event attendees they serve on an annual basis.